RESOLUTION NO. 2009-039

Adopted by the Sacramento City Council

January 20, 2009

APPROVAL OF REIMBURSEMENT AGREEMENT WITH THE JACKSON LABORATORY

BACKGROUND

A. The Jackson Laboratory (Jackson Labs) is an independent, non-profit organization focusing on mammalian genetics research to advance human health. Jackson Labs is relocating its genetic research and scientific services from West Sacramento to a site located in the City at 4910 Raley Boulevard. Jackson Labs is investing approximately $26 million in the new facility that will employ 125 people.

B. Due to the size (95,000 square feet) and characteristics of the Jackson Labs project, the City's water distribution system in the vicinity of the project does not provide sufficient water pressure to meet the regulatory requirements for emergency fire protection water flow applicable to the project.

C. One option to meet the project's fire flow requirements that was identified in discussions between Jackson Lab representatives and City staff was to design and construct an emergency connection between the City's water distribution system and the nearby water distribution system operated by the Sacramento Suburban Water District (SSWD). Such a connection would operate during an emergency fire condition when additional water was needed to increase water pressure in the City's water distribution system.

D. In addition to providing a benefit to the Jackson Labs project, such a connection would provide for additional emergency water pressure for the City's water distribution system serving the 57 acre area bounded by Raley Blvd/McClellan Park, Santa Ana and Main Ave. Based on these benefits, City staff proposed using City funds allocated for public water infrastructure costs to fund the emergency intertie design costs, subject to City Council approval.

E. After discussions between City staff and SSWD staff indicated that construction of the intertie was feasible and acceptable to SSWD, Jackson retained an engineer to prepare plans and specifications for the emergency intertie, which plans and specifications have been approved by the City's Department of Utilities. City staff and Jackson representatives subsequently were informed by SSWD that construction and use of the emergency intertie would require payment to SSWD of significant fees, that would render this option infeasible. SSWD further indicated that any proposal to waive or reduce the fees would require the performance of a rate study and approval by the SSWD Board of Directors.

F. Due to the necessity of meeting its scheduled move in date, Jackson determined that it could not wait for the SSWD to complete a rate study and go to the SSWD Board to determine what fees would apply to construction and use of the intertie. As a result Jackson Labs was forced to abandon the plan to construct the intertie, and, instead, met its project's fire flow requirements by constructing a private water tank and pump on the Jackson Labs property, at a cost of approximately $450,000.

G. Jackson Labs has requested that the City reimburse Jackson Labs for its cost to retain an engineer to prepare the approved plans and specifications, which would be transferred to the City upon payment. City staff recommends providing such reimbursement, due to the fact that the City will be able to use the approved plans and specifications if it becomes feasible to construct the emergency intertie at a future time, and given that Jackson incurred this cost with a reasonable expectation of City reimbursement.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager is authorized and directed to execute a reimbursement agreement with the Jackson Laboratory in the amount of $50,000 (Z14006500, 6005 Water Fund), for the plans and specifications prepared for the Main Ave./Lang Ave. Emergency Water Service Intertie.

Adopted by the City of Sacramento City Council on January 20, 2009 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, Pannell, Sheedy, Tretheway, Waters.

Noes: None.

Abstain: None.

Absent: Councilmember McCarty & Mayor Johnson.

Lauren Hammond

Lauren Hammond, Vice-Mayor

Attest:

Shirley Concolino

Shirley Concolino, City Clerk